



## Country Analysis Briefs



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**August 2004**

## Nigeria Monthly Energy Chronology (2002 - 2004)

*The following chronology lists domestic and international events of potential significance for Nigeria and its energy sector. Sources include: Africa Oil and Gas Bulletin (AOG), the Agence France-Presse (AFP), the Associated Press (AP), the British Broadcasting Corporation (BBC), Cable News Network (CNN), Dow Jones (DJ), the New York Times (NYT), Oil Daily (OD), Pan-African News Agency (PANA), Platt's Oilgram News (PON) Reuters (R), the Wall Street Journal (WSJ), and the Washington Post (WP).*

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### January 2002

**January 3** Nigerian National Petroleum Corporation (NNPC) said on Thursday it had shut down the main pipeline carrying crude from the Escravos terminal in the Niger Delta to two refineries after an explosion. The NNPC said it shut down the pipeline which carries crude to the 120,000 barrels per day (bbl/d) Warri refinery in the southwest and 110,000 bbl/d Kaduna refinery in the northern region. Oil production facilities in Nigeria, OPEC's sixth largest producer, are frequently attacked by locals looking for clean-up and security jobs or compensation for damage to the environment. Nigeria formed a security council comprising the army, navy air force and police chiefs to deal with vandalism and sabotage at oil installations in the Niger Delta. (R)

**January 8** Shell and its joint venture partners in Nigeria plan a new five-year investment of \$7.5 billion in the West African country's oil and gas industry, company officials stated. A big chunk of

the investment will go to Shell's stake in new phases of the Nigeria Liquefied Natural Gas (NLNG) project, the biggest industrial investment in Sub-Saharan Africa and Shell's plans to raise its Nigeria output to 1.5 million barrels daily. (R)

**January 28** A \$540-million contract has been awarded to Shell Petroleum Development Company of Nigeria (SPDC) for two major gas-fired projects at the Afam Power plant near Port Harcourt. The contracts to refurbish, operate and transfer the Afam I-IV plant and to lease, operate and transfer the Afam V plant will involve Shell taking over the existing assets and operating the Afam power plant for a period of fifteen years. The projects will be undertaken in conjunction with Eskom Enterprises of South Africa. Eskom will handle the daily running of the plant and supervise the overall contract and project management of the construction phase. (Business Wire)

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## February 2002

**February 4** The Niger Delta Development Commission (NDDC) is to execute about 60 projects in Abia State. The projects include classroom blocks and teachers quarters in the 17 local government areas of the state, as well as rehabilitation of water and electricity projects abandoned in the oil-producing areas of the state by the defunct Minerals Producing Areas Development Commission (OMPADEC). Other projects to be executed by NDDC in the state are roads and bridge construction. (Vanguard)

**February 5** Nigerian security forces fought gun battles with rioters yesterday as they tried to quell tribal clashes which have left dozens dead on the heels of a catastrophic armory fire in Nigeria's biggest city. The violence was the latest blow to the city of Lagos, which is still reeling from the explosions that killed at least 1,000 people and the country's first ever police strike last week. The blasts propelled shells and flaming debris for kilometers (miles) around the base in Lagos' northern Ikeja neighborhood. Many of those who died were women and children who fell into a canal and drowned during a late-night stampede to escape the explosions. Nigeria's police went on strike Thursday over pay and promotion demands. The stoppage fizzled out Saturday after the government ordered the army into the streets and threatened the strikers with dismissal and prosecution. (East African Standard)

**February 6** Eleven months after the basic agreement was reached between Nigeria and its island republic neighbor, the small state of Sao Tome & Principe, the presidents of the two countries met last month to formally inaugurate the Joint High Authority to manage oil and gas exploration in a maritime boundary area between the two states. (AOG)

**February 14** Nigeria threw a shroud of secrecy over its crude oil production figures on Thursday, saying these would no longer be released to the public on a regular basis. Oil industry surveys in the last quarter of last year showed Nigeria as the biggest quota buster within the OPEC oil cartel. Weekly official figures released by Nigeria since new OPEC quotas came into force this year showed the country struggling to rein in output but still overshooting its allocation. (R)

**February 28** Shareholders gave Nigerian Liquefied Natural Gas Ltd approval on Thursday to proceed with a \$2.7 billion expansion of its Bonny Island liquefied gas plant, officials said. A spokesman for the state-run Nigerian National Petroleum Corporation (NNPC), said in a written statement that shareholders voted at a meeting in London to proceed with two new trains to be completed mid-2005. (R)

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## March 2002

**March 5** ExxonMobil are preparing to invite commercial tenders for their floating storage and offloading (FSO) vessel for its shallow-water Yoho oil field on OPL 94. First production is expected in 2004. The \$1.2 billion project will involve a 2.0-million-bbl FSO, and three pre-qualified bidders are expected to be contacted in mid-March. The contract award may be in mid-May. (Upstream)

**March 12** A US federal judge in New York has refused to dismiss a lawsuit against the Royal Dutch Shell group, alleging the company was implicated in the deaths of Ogoni leaders, caused by the Nigerian government. The litigation was filed by families of Ken Saro-Wiwa and John Kpuiuen in 1995, following their execution by a military tribunal. (AOG)

**March 12** Nigerian Transport Minister Ojo Maduekwe announced new fines of up to \$176 million in the event of oil-tanker spills in Nigerian territorial waters. The minister stated, "This action is taken in our vital national interest to safeguard the nation from oil spillage and pollution." The fines apply to discharges from vessels and not to pipeline ruptures, a much more common form of oil spill in the country, often attributable to vandalism. (R)

**March 19** Shell has selected the Korean construction firm Hyundai Heavy Industries (HHI) to refurbish and expand its Bonny Island oil export terminal. When complete capacity at Bonny will be 1.5 million barrels per day. HHI said the main turnkey contract is for \$480 million. (AOG)

**March 31** President Obasanjo fears the low price of oil and OPEC quota cuts may scuttle its over one trillion naira 2002 budget, state radio said on Sunday. Nigeria's parliament approved the budget on Tuesday after lawmakers increased proposed total expenditure by about 40% to 1.064 trillion naira (\$9.09 billion) from 840 billion naira. (R)

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## April 2002

**April 13** The Nigerian Senate is to set up a probe panel to investigate the activities of the Warri Refining and Petrochemicals Company (WRPC) in relation to the company's level of adherence to its environmental management plans. It would also look into allegations that budgetary provisions made for the WRPC by the Nigerian National Petroleum Corporation (NNPC) towards waste disposal and pollution control over the years may have been mismanaged. (This Day)

**April 16** In a decision that is literally a landmark, the Nigerian Supreme Court has decided in favor of federal government claims for control of revenue arising from offshore oil and gas production. The ruling declared that the seaward boundary of a coastal state is its low-water mark, and seaward wells are in federal Nigerian territory. The coastal oil producers in the Niger Delta, states such as Delta, Bayelsa, Rivers, Akwa Ibom, and Cross River, had sought a larger share of this revenue to compensate for their hosting the oil and gas operations. Coastal states are currently receiving 13% of revenues derived from onshore production. (AOG)

**April 16** Shell Petroleum Development Co. and the people of a village in Akwa Ibom state have reached an out-of-court solution to a complaint dating back to 1996. The memorandum of

understanding signed out of court settles the dispute without an admission of liability by the defendant. Shell as a gesture of good faith will execute several local projects including the construction of six classroom blocks. The community will provide the land and obtain the necessary permits for these improvements. (Vanguard)

**April 16** Pengassan (Petroleum and Natural Gas Senior Association of Nigeria), Nigeria's white-collar union of oil-industry administrators, has cancelled a planned strike over wages and working conditions, after holding talks last week with the Department of Petroleum Resources. If it had been implemented, the strike could have severely curtailed operations at the country's oil-export terminals. (This Day) (AOG)

**April 17** Italian oil firm, Agip, plans to begin crude oil production from the Okpoho offshore field, in Delta State by December, 2002. The oil field located 55 kilometers offshore in Oil Mining Lease (OML) 119, has a proven reserve of about 200 million barrels of oil. Agip is developing the field under a service contract with the Nigerian Petroleum Development Company (NPDC), a subsidiary of the Nigerian National Petroleum Corporation (NNPC). (This Day)

**April 19** Official statistics released today indicate that NNPC incurred losses equivalent to \$788 million (N91.6 billion) during 2001, arising from the importation of refined oil products. According to the NNPC, the cost of imported finished products was N232 billion, whilst sales revenues for these products totaled only N141 billion. (R)

**April 21** President Obasanjo has set up a committee to implement a controversial court ruling on state oil revenues in a bid to douse tension in the country's volatile oil-producing regions. Nigeria's Supreme Court earlier this month ruled in favor of a government bid to prevent regional authorities from controlling offshore oil revenues. (R)

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## **May 2002**

**May 7** President Olusegun Obasanjo announced late in April that he will seek the nomination of his ruling Peoples Democratic Party (PDP) to contest the presidential elections next year. (AOG)

**May 8** State-run Nigerian National Petroleum Corp (NNPC) will now operate as a commercial entity and assume responsibility for cash call payments to the country's oil joint venture partners. The government said after a cabinet meeting that its decision followed a landmark Supreme Court ruling which has effectively frozen cash call payments to multinationals producing Nigeria's oil in joint venture with the NNPC. Until last month's ruling, cash call funds were deducted directly from federal revenues and paid to the oil majors for their operational budgets without the hassles of parliamentary appropriation. The court ruled on April 5 that all federally collected revenues must go into a common pool to be allocated by parliament and shared by federal, state and local governments. "In line with the Supreme Court verdict on resource control, council (cabinet) today approved that NNPC should assume full commercial status," Information Minister Jerry Gana told a news briefing after the meeting. (R)

**May 14** Going by the current level of depletion of Nigeria's crude resources, the Ministry of Petroleum Resources has projected that the country's oil reserves will now last for the next 34 years. According to the latest estimates of Nigeria's hydrocarbon resources collated by the ministry, the country's gas resources will last the next 75 years, given the rate of depletion of the resource. (This

Day)

**May 20** Nigeria signed joint operation accords on Monday with two U.S. majors to explore two oil blocks in the country's highly sought new deep sea frontier. ExxonMobil will be operator in OPL214 with 55%. Its partners ChevronTexaco and state-run Nigerian Petroleum Development Co. (NDPC) will hold 30% and 15% respectively, according to the agreements signed in Abuja. Phillips will be operator in block 318 with 50%, alongside Chevron (30%) and the NDPC (20%). The NDPC takes over from Petronas, which has pulled out of the blocks it won with the other partners earlier. (R)

**May 17** Nigeria invited Japanese investors on Friday to participate in its planned \$7 billion joint project with Algeria to build a pipeline to carry Nigerian gas through the Sahara Desert to Europe. (R)

**May 28** TotalFinaElf has made a major extension to its earlier discovery on deep-water OPL 222, which it operates offshore Nigeria under a production-sharing contract signed with the Nigerian National Petroleum Corporation (NNPC) in 1993. In their May 14th announcement, the French major said its Nigerian operating subsidiary, Elf Petroleum Nigeria Ltd (EPNL) had tested the Usan-1 exploration well at a flow rate of 5,000 bbl/d of 34° oil. (AOG)

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## June 2002

**June 11** Nigerian National Petroleum Corp (NNPC) has made the first cash calls to foreign joint-venture partners since the new system of self-financing was invoked last month by the federal government. The payment comprised \$154 million in foreign exchange and N8.2 billion in local currency, for a total of approximately \$224 million. Funds were paid to Shell, ExxonMobil, TotalFinaElf, and ChevronTexaco. ENI (Agip) did not receive payments as paperwork from the firm was in arrears. The new system provides for monthly work schedules to be paid in advance by NNPC. (This Day)(AOG)

**June 11** Construction work on the third train of the Nigeria LNG Ltd (NLNG) facility on Bonny Island is 90% complete. The \$1.8 billion expansion will raise NLNG output capacity to 9 million tons/year when completed later this year. All of the output has been placed under long-term contracts. Buyers include Gaz de France, Botas of Turkey, Enegas of Spain, Transgas of Portugal, and Enel of Italy. (This Day)(AOG)

**June 18** Five persons have been reported dead while about 20 others were wounded in clash between youths from the Ozoro and Okpaile community in Isoko North local government areas of Delta State. (Vanguard)

**June 25** The program of offering marginal oil fields to indigenous companies has moved forward with the pre-qualification of bidders for 21 of the 24 properties on offer. The minimum number of bidders needed for a field to be awarded is five, failing which the property is withheld. In total, there are more than 100 such fields in the country, with total reserves in excess of 200 million bbl. Most are in the Niger Delta and have the potential to produce a few thousand b/d, which is below the commercial minimum set by the international oil companies active elsewhere in the Delta region. More than 140 local companies submitted their qualifications for pre-selection, with two-thirds of them offering to submit technical and commercial bids on more than one field. (Upstream)



(AOG)

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## July 2002

**July 2** President Olusegun Obasanjo pledged that Nigeria would clear arrears of its share of operating costs of the country's oil joint venture partners before his term of office ends next year. The government and the multinationals led by Shell have been arguing about the exact amount of the arrears, with the oil companies quoting a figure of over \$1 billion. Nigeria estimated the arrears at \$800 million at the end of last year, out of which it says it has paid \$300 million. A special committee appointed by Obasanjo's government to conduct a so-called value-for-money audit of the operations of the oil companies has yet to conclude its work. (R)

**July 9** The state-run Nigerian National Petroleum Corporation (NNPC) has released its first quarter 2002 results, reporting earnings of \$1.2 billion. During the period, foreign-currency cash calls were made to joint-venture partners totaling \$700 million. This is up slightly from the \$695 million of the first quarter one year ago. (R)

**July 9** The most recent estimates of the US Energy Information Administration (EIA) forecast that Nigerian revenues from crude oil exports will dip 3% this year, versus 2001. For the year, EIA anticipates Nigeria will receive \$17.1 billion in 2002, a drop of \$500 million. This decrease has meant that foreign exchange income as a whole is down, as oil generates over three-quarters of Nigerian hard-currency earnings. (EIA)

**July 10** The blockade by women protesters of one of Nigeria's largest oil terminals entered its third day Wednesday. Some 150 women demanding jobs for their sons stormed the Escravos oil terminal run by ChevronTexaco on Monday and barricaded a storage depot, landing field and dockside. A ChevronTexaco representative said on Tuesday that "more than 700" workers, both Nigerians and international staff, were blockaded inside the plant. The Escravos terminal is a major crude oil storage depot 300 kilometer east of Lagos. Production from ChevronTexaco's fields in the western Niger Delta is stored there for export. (AFP)

**July 18** More unarmed Niger Delta women stormed at least four ChevronTexaco oil pipeline stations 50 miles east of Escravos, in southeastern Nigeria, in a copycat move aimed at gaining concessions won by protesting women at Escravos. Hundreds of unarmed Ijaw women captured four pipeline flow stations some 50 miles east of Escravos, ChevronTexaco's multimillion-dollar oil export terminal where a separate group of unarmed village women has been holed up since July 8. (Nigeria Today)

**July 22** The Nigerian unit of U.S. oil major Chevron Nigeria said on Monday it had declared force majeure at its key Escravos export terminal in southern Nigeria. This means it is unable to meet its contractual obligations following a fire at the terminal, 40% owned by ChevronTexaco and 60% by the state-run Nigerian National Petroleum Corporation (NNPC). The fire, caused by a lightning strike, forced Chevron to shut down 300,000 barrels per day of crude production in Nigeria. (R)

**July 23** Attempts to reach agreement on the way forward to develop the large Agbami field in the Niger Delta on OPL-216 have not been successful, and first oil is now not expected until 2006. The delays stem from an inability to agree a production-sharing contract between the three oil companies involved (ChevronTexaco, Petrobras, and the Nigerian independent Famfa Petroleum,

and the Nigerian National Petroleum Corp (NNPC). Famfa holds 60% of the offshore prospecting licence (OPL), which requires conversion to an offshore mining licence (OML) in order for development spending to proceed. (Upstream)

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## **August 2002**

**August 1** Shell backed calls in Nigeria for a higher OPEC oil output quota saying it would benefit both the country and Shell, a major operator in Nigeria. The Nigerian cabinet on Wednesday said it wanted to push OPEC to raise its output quota to help repair government finances. Shell is the country's biggest foreign investor.

**August 5** Nigeria, which is stepping up campaigning for an increase in its OPEC oil output quota, said on Monday it now has capacity to produce 2.6 million barrels per day (bbl/d), against its quota of 1.79 million bbl/d. Presidential Adviser on Petroleum and Energy Rilwanu Lukman also said the West African country's oil reserves had now reached 32 billion barrels and should climb to 35 billion barrels by 2004. (R)

**August 5** The Nigerian unit of ChevronTexaco said on Monday its crude oil pumping stations in the western Niger Delta were now operating fully after women protesters vacated the last of six facilities they seized last month. Oil site takeovers are frequent in the Niger Delta, but this was the first time women were involved. In the past angry youths have disrupted production and taken oil workers hostage. (R)

**August 9** One woman was shot dead on Thursday in Nigeria's southern oil town of Warri when groups of women protesters besieged the premises of oil transnationals Royal/Dutch Shell and ChevronTexaco, witnesses said. They said two groups of women numbering about 2,000 each from the nearby Itsekiri and Ijaw communities arrived at the entrances of the regional offices of both companies early in the morning, denying employees access. They carried placards denouncing environmental pollution, which they blamed on the companies. (United Nations IRIN)

**August 13** NNPC has awarded a N3 billion (\$23 million) turn-around and maintenance contract for the 125,000 bbl/d Warri refinery to DPN Entrepouse Engineering of Italy. Work will begin in November and is due to be finished early next year. (AOG)

**August 13** The Nigerian cabinet has adopted the recommendation of its review committee to implement only 44% of the capital budget proposed for the current calendar year. Senator Martins-Kuye noted that there would still be a deficit of N200 billion (almost \$2 billion). Not all of the revenue shortfall is oil-and-gas related. Zero revenue receipts are being derived from three areas where a total of almost N350 billion was anticipated: privatization of state assets, recovery of stolen funds from the Abacha regime, and World Bank lending. (This Day)

**August 27** Nigeria has substantially reduced the volume of gas being flared, reports the energy adviser to the presidency, Dr. Rilwanu Lukman. When President Obasanjo took office in 1999, 71% of gas output was being flared. This amount is now 51%, Dr. Lukman informed at a meeting of the Society of Petroleum Engineers in Abuja. The national goal of ending flaring by 2008 remains in place, as more LNG capacity and gas distribution schemes via pipeline are being developed. (AOG)

**August 27** Nigeria is to break up its state-run electricity monopoly NEPA into 16 smaller firms to

prepare for its sell off, the national privatization agency, BPE, said on Tuesday. Regulators have approved the creation of six generation, one transmission and 11 distribution companies out of NEPA. An outside management contracting team will be brought in this year to run the transmission firm and ensure the efficient operation of the grid during the privatization process. (AFP)

**August 27** The Nigerian Senate implicitly gave its support to a threat by lower house parliamentarians to impeach President Obasanjo for alleged misrule. In what looked like a preliminary step towards impeachment proceedings, the Senate directed a special committee to work in concert with the lower chamber to reach a common ground on the allegations against the president. (R)

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## September 2002

**September 2** ExxonMobil Corporation announced that its subsidiary Mobil Producing Nigeria Unlimited (MPN) has started development of the \$1.2-billion Yoho project, in shallow water depths of less than 100 meters. The project is located on OML 104, is on joint-venture acreage held by MPN (40%) and the Nigerian National Petroleum Corporation, NNPC (60%). ExxonMobil estimates recoverable reserves to be 400 million barrels. First oil is planned for late 2002 from an initial wellhead platform producing at 90,000 barrels per day. (AOG)

**September 2** A rupture in a pipeline belonging to oil giant Royal Dutch/Shell (Shell) has resulted in a major oil slick in Nigeria's southern Niger Delta, local residents reported on Friday. Residents of Rumuekpe community, near the Nigeria's oil industry capital, Port Harcourt, said oil from a broken pipe was spreading through creeks and streams in the area, seeping into farmland and destroying plants and trees. Shell officials confirmed the occurrence of a leak but said a team of spillage experts had been sent to deal with the problem. The spill was still confined to an area of about 40 square meters. (News24 - South Africa)

**September 10** For the first six months of this year, the federal government has received a net income of \$2.44 billion from crude oil exports, according to the Nigerian National Petroleum Corporation (NNPC). This is a 46% decline from the earnings of \$4.54 billion for the same period of one year ago, and if extrapolated for all of 2003 would mean a federal oil income of \$4.9 billion, down almost 40% from the 2001 level of \$8.0 billion. This prospect has been confirmed in recent remarks by President Obasanjo. (This Day)(AOG)

**September 10** The NNPC report on oil operations stated the federal government paid N215 billion (approximately \$2 billion) as their share of the cash call to fund joint-venture oil operations during the first half of 2002. The payment comprised \$915 million and almost N100 billion. It was to cover the government's equity holdings, averaging 57% of the joint ventures with the six multinational oil companies. Looking ahead, President Obasanjo has said he expects the cash call payments this year to be \$260 million less than the \$3.12 billion authorized for this purpose by the National Assembly. (AOG)

**September 23** The Nigerian unit of oil giant Royal Dutch/Shell (Shell) said on Monday that militant ethnic Ijaw youths who seized six of its flow stations in the western Niger Delta were still occupying the facilities. Ijaw youths besieged Shell flow stations at Odidi, Batan, Jones Creek and Egwa near the oil town of Warri in southwest Delta state on Thursday night, protesting the alleged



unfair deal for their communities in a recent delineation of local council wards and the voter registration which ended on Sunday. Shell said some 80,000 barrels per day of crude oil production had been shut in by the protest, but exports were not immediately affected. (R)

**September 23** Hundreds of people demonstrated in the streets of Abuja on Monday, in a rally led by the country's two main oil unions, which have called a two-day strike in protest over plans to privatize the country's national oil firm. Nigeria's two main oil unions launched what they call a "warning strike" on Monday, to prevent the sale of the Nigerian National Petroleum Corporation (NNPC), set for the second quarter of next year. The strike has caused serious petrol shortages throughout the country, which is the world's sixth largest oil producer. (R)

**September 26** Department of Petroleum Resources (DPR) announced that 66 of the 70 indigenous oil companies pre-qualified for the second phase of the bidding round for 24 marginal oil fields remain in contention. The remaining 66 companies represent slightly less than half of the original number of 142 companies entering the pre-qualification stage. It is estimated that these 24 fields might add 100,000 b/d to national production capacity when they come on stream, in two years time. (AOG)

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## October 2002

**October 8** The management of the NNPC has repeated its support for the plans of the federal government to privatize the downstream portion of the country's oil industry. In a 26 September press statement, the NNPC said that group managing director Mr Jackson Gaius-Obaseki supported these measures. However, the two leading trade unions, the white-collar Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and the blue-collar National Union of Petroleum and Natural Gas Workers (NUPENG) have made clear their continued opposition to the privatization of NNPC refineries and downstream assets. (AOG)

**October 8** ExxonMobil, operator and 56.25% shareholder of the \$2.5-billion Erha project in deep-water Block OPL 219, is reported to have selected Bouygues Offshore, the French subsidiary of the ENI group engineering company Saipem, for the \$700 million floating production, storage, and offloading (FPSO) vessel for this field. Bouygues will subcontract the 2.2-million-barrel hull to Hyundai of South Korea. The field lies in 1,200 meters of water and is due to deliver first oil in 2005. At maturity, Erha will produce 150,000 barrels per day. (Upstream)

**October 11** Nigeria stands to lose about 100 million barrels of oil deposit and four trillion cubic feet of gas deposits in the Bakassi Peninsula, following yesterday's ruling by the International Court of Justice (ICJ), which rejected the country's claim to the area. The ICJ in the landmark ruling awarded the ownership of the oil-rich region to Cameroon, ending eight years of legal battles between both countries, one of the longest in the history of the ICJ. According to sources at the Department of Petroleum Resources (DPR), the oil and gas reserves figures quoted above were restricted to the "triangular land area of the Peninsular" extending to the eastern part of the nation's oil field areas, which seismic survey had earlier been carried out. (This Day)

**October 12** Nigerian leaders have appealed for calm as they urge their countrymen to accept a ruling by the International Court of Justice (ICJ) handing sovereignty of the disputed oil-rich Bakassi peninsula to its neighbor Cameroon. The two countries have clashed several times over the peninsula and Cameroon referred the dispute to ICJ in 1994. The court based its decision on a 1917

document between former colonial powers Britain and Germany. (This Day)

**October 15** About 20 people died earlier this month when an NNPC fuel pipeline was vandalized and fire erupted at Akute, in Ogun State. This is the most recent in a series of pipeline fires, several of which have claimed hundreds of lives. The increased rate of pipeline vandalization led to the creation of a joint NNPC-police team earlier this year deploying 500 police officers to provide security for the more than 3,000 kilometers of pipelines around the country. (This Day)

**October 25** Nigeria's parliament approved changes to an oil revenue-sharing law that gives state governments a share of revenues from offshore oil and gas production. President Obasanjo proposed it in August to appease the southern coastal states of Akwa Ibom, Cross River and Ondo, whose governors were outraged at a Supreme Court decision in April that awarded all offshore oil revenues to the central government. Nigeria's constitution dictates that oil-producing states get up to a 13% share of oil revenues paid to the federal government. But before the new amendment, the government had only agreed to pay states a proportion of revenues from onshore wells. (AP)

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## November 2002

**November 4** An employee of the Nigerian unit of Royal Dutch/Shell kidnapped by militant youths in the Niger Delta has been released unharmed, the oil giant said on Monday. Hostage taking in the volatile oil-rich but impoverished Niger Delta is common. Militants also sometimes seize oil facilities and demand cash, jobs or contracts for their people before withdrawing. (R)

**November 5** In an effort to raise indigenous participation in the exploration and production sectors, Nigerian National Petroleum Corporation (NNPC) has directed that contracts awarded by international joint-venture partners must contain a minimum local content of 25%. It is hoped that this level can be increased to 50% by 2010, said Mr Jackson Gaius-Obaseki, NNPC group managing director. (AOG)

**November 12** Willbros Group Inc, the Houston, Texas-based oil-field construction services company, has announced that its subsidiary Willbros West Africa Inc has been awarded an engineering, procurement, and construction contract to design and construct a new export pipeline, flare line, and associated facilities for Belbop Nigeria Ltd's Aunt Julie platform on the Otuo field. The file lies in 8 m of water, west of Port Harcourt. The 14-inch export pipeline will connect to ChevronTexaco's Funiwa platform and enable production to be increased to 70,000 b/d. Contract completion is scheduled for the second quarter of 2003. Willbros has been working on the Otuo field since August 2000 when it was awarded an engineering, procurement, and construction contract for the first two phases of the field development. (AOG)

**November 12** International Finance Corporation (IFC), the private sector arm of the World Bank after its survey has said that Nigeria flares 17 billion cubic meters of gas out of about 137 billion cubic meters of gas flared across the world (12.5% of the world's total), with the African continent leading other continents with 37 billion cubic meters (bcm). (Vanguard)

**November 26** The US independent Ocean Energy has been awarded offshore OPL 256. According to the Department of Petroleum Resources, the signature fees paid for the block totaled \$145 million. The tract abuts two highly prospective areas, OPL 245 operated by Shell, and OPL 246, operated by TotalFinaElf and South Atlantic Petroleum. (R)

**November 26** The African Development Bank has approved a loan of \$100 million for the massive expansion of Nigerian Liquefied Natural Gas (NLNG) on Bonny Island to five trains. (AOG)

**November 26** President Olusegun Obasanjo submitted a proposed federal budget for 2003 of N765 billion (\$6.0 billion) to the National Assembly. Of this amount, recurring expenses would require N509 billion (\$4.0 billion) or two-thirds of the total, and capital projects would absorb the balance of N256 billion (\$2.0 billion). The budget is to be financed by an estimated federally-collectable revenue stream of N1,819 billion of which oil revenue accounts for 62% or N1,120 million (\$8.9 billion). These revenues arise from an assumed \$21 per bbl wellhead price, the current OPEC quota of 1.79 million b/d, and the current naira exchange rate of N126 per \$1.00. (Vanguard)

**November 26** The Bureau of Public Enterprises (BPE), which is responsible for federal privatization programs, said a legal framework to partially privatize the National Electric Power Authority (NEPA) could be ready in the first quarter of 2003. Mr. Mallam Tijjani Abdullahi, BPE director for infrastructure, stated that privatization could commence in October 2003, with NEPA's distribution network divided into eleven units. (R)

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## December 2002

**December 10** Clarification of legal responsibilities by the Nigerian courts within recent days has given the Independent National Electoral Commission (INEC) approval to proceed with plans to hold national and regional elections prior to April 29, 2003. Constitutionally, local elections should be held before the national elections including the selection of the next president. INEC has not yet completed the voter registration list, and as a result local elections have already been postponed twice. (CWC Africa Energy Alert)

**December 10** Three months ahead of its original schedule, the third train of Nigerian Liquefied Natural Gas (NLNG) began operations last week. In a statement, the company said the first cargo would be loaded this month for dispatch to the Gas Natural receiving terminal at Huelva in southwestern Spain. (AOG)

**December 10** Nigeria plans to impose penalties on oil companies operating in the country for oil spills as part of efforts to improve environmental safety, a senior official said on Monday. Rilwanu Lukman, President Obasanjo's adviser on petroleum and energy, told a conference on health, safety and environment in the capital, Abuja, the measure had become necessary to check the laxity of oil companies in containing oil spills. (United Nations IRIN)

**December 12** The European Commission said on Thursday it had reached agreement with Nigerian gas firm Nigeria LNG (NLNG) on ending restrictive clauses in contracts on the resale of gas. The Commission, the executive arm of the EU, has been trying to end such restrictions with various key suppliers including Nigeria, Algeria and Russia. "The Commission has reached a landmark agreement with NLNG Ltd, which agreed to delete a clause preventing one of its European customers to resell the gas outside its national borders," the Commission said in a statement. (R)

**December 14** Nigeria and the African Development Bank (AfDB) signed a \$15.6-million-dollar loan agreement for the interconnection of NEPA and Compagnie Electrique du Benin (CEB) electrical networks. The CEB-NEPA interconnection project is extremely important to the West African Power Pool (WAPP), which was conceived in 1982 by ECOWAS. The interconnection is

important because it is the linkage that will connect Nigeria to the rest of the WAPP region via Benin. (This Day)

**December 18** Shell has started shallow offshore crude oil production in the Gulf of Guinea off southern Nigeria, the company said Wednesday in a statement. Shell said production on the EA field had begun on Tuesday, a week ahead of schedule, at its new "floating production storage and offloading facility", the third largest in the world. The EA field is located in shallow water and was first discovered in 1965. Production there is expected to grow to 140,000 barrels per day. (AFP)

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### January 2003

**January 6** Nigerian President Olusegun Obasanjo won an overwhelming victory in the ruling party's presidential primaries on Monday, successfully fighting off three rivals. Results announced on live state television gave Obasanjo 2,642 votes of 3,514 cast in the People's Democratic Party (PDP) primaries in Abuja. (R)

**January 7** Shell commissioned its EA field last month, and the first cargo was sold for early January loading. EA crude is light (38° API) and very low in sulfur, less than 0.1%. Partners in the EA field are NNPC, TotalFinaElf, and ENI. (R)

**January 17** National Electric Power Authority's (NEPA) electrical network suffered a system collapse yesterday throwing parts of the country into a blackout for several hours. (This Day)

**January 21** On behalf of Nigerian Liquefied Natural Gas Ltd (NLNG), contractors TSKJ has selected the consortium of Chicago Bridge & Iron (CB&I) of the USA and Bilfinger Berger AG of Germany for a \$100-plus million contract to provide civil and mechanical erection services in the further expansion of the NLNG facilities on Bonny Island, Rivers State. CB&I will be the mechanical erection contractor for Train 4, which has a design capacity of 4.0 million tons/year. The German firm will provide the civil work. Site mobilization will begin shortly and the project is due to be completed in 2005. TSKJ, contractor for the Train 4 and 5 expansion, is a consortium of Technip-Coflexip of France, Snamprogetti (ENI) of Italy, Kellogg Brown & Root of the USA, and JGC Corporation of Japan. (CWC Africa Energy Alert)

**January 25** ExxonMobil subsidiary, Mobil Producing Nigeria Unlimited (MPN) has started development of the \$1.2-billion Yoho project offshore Nigeria. Yoho is located within the OML 104 lease, jointly held by the state oil and gas group Nigerian National Petroleum Corporation (NNPC) and MPN. The area contains estimated recoverable reserves of 0.4 billion barrels of oil. MPN's project will develop the Yoho and Awawa reservoirs, which lie in shallow water depths of 200-300 feet. (Emerging Markets Daily News)

**January 28** Speaking on the occasion of the commissioning of a new gas transmission project in southwestern Nigeria, President Obasanjo said earlier this month that the official date to end natural gas flaring has been reset for 2004. (Upstream)

**January 30** ChevronTexaco's Nigeria affiliate, Texaco Nigeria Outer Shelf Limited, has confirmed a gas discovery in its deepwater Nigeria OPL 218 block, following completion of the Nnwa-2 appraisal well. The results of Nnwa-2 indicate continuity of the main gas reservoir intervals across the large Nnwa structure, extending into the adjacent offshore Nigeria block OPL 219. The OPL

218 and OPL 219 licence participants, with Statoil and Shell as respective block operators, signed a memorandum of understanding (MoU) with the NNPC and the federal government of Nigeria in June 2002 to conduct a feasibility study for a possible joint development of the Nnwa/Doro field using a floating liquefied natural gas (LNG) production facility concept. (OPECNA)

**January 31** The presidents of four West African states signed a treaty on Friday clearing the way for the construction of a \$500 million pipeline to transport cheap Nigerian gas to power industries in neighboring states. The treaty is meant to harmonize the regulatory framework for the pipelines operation. It also creates the West Africa Gas Administration Agency to run the pipeline company from its headquarters in Ghana's capital Accra. Finally, it is due to concede to the company third party access rights to transport gas for other firms. (R)

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## **February 2003**

**February 4** Nigeria ruled out terrorism yesterday in a massive blast that flattened a bank building in its largest city, while the death toll rose to 44 after more bodies were pulled from the rubble. Dozens of workers piloted cranes and bulldozers in a search for survivors in the debris of a Lagos Island building containing a four-story bank and three floors of apartments. "The preliminary investigation showed it was not an act of terrorism," said Bola Tinubu, Lagos state governor. Police said earlier they were considering several theories behind the blast, including the possibility that someone was trying to rob the bank. A Lagos city spokesman said theories include whether the building's natural gas source ignited or a cache of explosive material stored there detonated accidentally. (AP)

**February 14** Senior workers of the Department of Petroleum Resources (DPR) said they are beginning an indefinite strike today, to press demand for payment of their entitlements as well as granting autonomy to the department. The DPR workers said the strike followed the expiration of a 14-day ultimatum issued by the union to the Federal Government and the DPR management to meet their demands, without any resolution. DPR workers monitor and supervise crude oil liftings at the nation's eight Oil Exports Terminals, as well as petroleum products loadings from the refineries and the depots. (This Day)

**February 17** The strike by white collar workers at Nigeria's Department of Petroleum Resources hasn't disrupted export loadings, oil companies stated. Members of the Natural Gas Senior Staff Association of Nigeria, or Pengassan, went on strike Saturday demanding back pay and an increase in the department's autonomy. Talks between the government and the union broke down last week. (DJ)

**February 18** An agreement was between President Obasanjo and the governors of the six littoral states concerning the wording of the onshore-offshore dichotomy abolition bill, which the president had refused to sign earlier. An amended version based on the accord reached with the governors will be presented to the National Assembly. Participating in the Abuja agreement were the governors of Akwa Ibom, Bayelsa, Cross River, Delta, Ondo, and Rivers states. (CWC Africa Energy Alert)

**February 19** Nigeria's Department of Petroleum Resources (DPR) began talks on Wednesday with union leaders on ending a strike by its senior staff who monitor oil loadings. (R)



**February 20** A blowout at an abandoned Shell Oil well in southeast Nigeria spewed crude oil, gas and water hundreds of yards in the air, polluting farms and streams, company officials said Thursday. Shell's Nigerian subsidiary sent two teams of experts who managed to contain the spill late Wednesday. (AP)

**February 25** The joint venture of ChevronTexaco and the Nigerian National Petroleum Corporation (NNPC) has announced plans to invest some \$4.0 billion during the next three years on three oil and gas projects. The three ventures are the completion of the Escravos gas-gathering project, the Escravos gas-to-liquids (GTL) plant and the development of the Agbami deep-water offshore oil field, a joint venture with Nigerian independent Famfa Oil. (CWC Africa Energy Alert)

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### March 2003

**March 12** Gaslink Nigeria (GN), has disclosed that customers receiving natural gas from its facilities have increased from 10 to 18 in the past year, with consumption increasing from 3 Mmcf/d to 5.6 Mmcf/d. GN's managing director said that the number of companies that have expressed commitment for the use of natural gas, through the signing of a gas sales and purchase agreement (GSPA), had also increased from 21 to 35 in the past year. The company will soon begin supplying natural gas to Benin City, capital of Edo State. (Neftegaz.RU)

**March 16** Oil production from Nigeria's western Niger Delta Forcados and Escravos fields was partially closed on Sunday after a stand-off between security forces and protesters. The Nigeria unit of Royal Dutch/Shell (Shell) said it had closed flow stations, after starting to evacuate its staff from the Ogidi (1 and 2), Batan, Egwa (1 and 2) and Jones Creek flow stations on Saturday. At least seven people, three of them soldiers, have been killed since Thursday in clashes between troops and ethnic Ijaw youths near the oil city of Warri where Nigeria's biggest producer, Shell and U.S. major ChevronTexaco have significant oil operations. (R)

**March 21** Nigeria LNG (NLNG) stated it had raised a \$460 million loan facility for its subsidiary Bonny Gas Transport (BGT) to expand its fleet of vessels. NLNG said it needs eight additional vessels to meet the shipping requirements for the fourth and fifth Trains of its Bonny Island plant. NLNG signed loan agreements for \$1.06 billion last December with four export credit agencies and a consortium of international and local banks for the financing of the two new Trains, known as "NLNG Plus." (OD)

**March 22** Gunmen stormed the home of the leader of the Ogoni people of Nigeria's oil-producing Niger Delta on Saturday in an apparent bid to kill him, the Ogoni rights group MOSOP said. MOSOP (Movement for the Survival of Ogoni People) said Ledum Mitee was in Britain when eight armed men raided his home in the southeastern oil city of Port Harcourt. The gunmen held several occupants hostage while they searched for Mitee, MOSOP said. They left after failing to find him. (R)

**March 25** Nigeria said on Tuesday it had shut down its Egbin power plant after its main supply pipeline in the swamps of the war-torn Niger Delta was vandalized. The National Electric Power Authority (NEPA) said in a statement that supply to the thermal plant was cut off after the major feeder pipeline of its main supplier was vandalized. The Egbin plant, near the commercial hub of Lagos, with a nameplate capacity of 1,320 MW, accounts for about 50% of Nigeria's current generation of less than 3,000 MW. (R)

**March 25** Plans for a floating facility at Brass in Bayelsa State were advanced by a recent meeting of the project participants, Nigerian National Oil Corporation (NNPC), and local affiliates of ConocoPhillips and ENI/Agip. The Abuja meeting agreed to a framework for funding the project, and a timetable that should lead to a final investment decision in August 2004. (Guardian)

**March 26** Oil multinationals in Nigeria said on Wednesday they saw no quick return to their operations in the western Niger Delta after ethnic unrest forced them to shut in more than 800,000 barrels per day of crude production. ChevronTexaco, which had to suspend production of 440,000 barrels of crude per day (bbl/d), said the past few days had been quiet around its Escravos export terminal, but the situation remained tense. Officials at Royal Dutch/Shell (Shell), forced to shut in 320,000 bbl/d in the western Niger delta and 50,000 bbl/d in the east, said they were unsure when the area might be calm enough for them to return to work. (R)

**March 26** Warring tribal factions in Nigeria's oil-rich delta have agreed to halt bloody clashes and should let oil majors restart a huge slice of the OPEC member's shut production, local officials said on Wednesday. Clashes between Ijaws and Itsekiris and fighting with troops in the tangle of swamps and creeks have cost scores of lives and forced out multinationals, shutting in over 800,000 barrels a day of crude or nearly 40 percent of Nigeria's output. (R)

**March 28** Nigeria Liquefied Natural Gas Company (NLNG) says it will spend \$1.25 billion on a sixth train for its plant on Bonny Island. NLNG managing director, Andrew Jamieson, stated that shareholders in the company would provide 50% of the amount, while the other half would come from third-party sources. He said the planned investment would raise the total amount invested in the LNG plant to \$10 billion. NLNG is a joint venture between state-run Nigerian National Petroleum Corp. (NNPC), with 49% equity, Shell 25.6%, ENI/Agip 10.4%, and TotalFinaElf SA with 15%. (Dow Jones)

**March 28** Oil multinationals Shell and ChevronTexaco said on Friday they were unwilling to resume oil output in Nigeria's western Niger Delta after a series of ethnic clashes there forced them to evacuate the area earlier this month. "We are still looking for a number of assurances that it is safe to go back," said ChevronTexaco spokesman Andy Norman. A Shell spokesman in Nigeria also said the firm had still not decided on when it would return to the area. Sources in the area said there have been no clashes for the last four days but the situation remained tense. (R)

**March 28** Nigeria's President Obasanjo has ordered security forces to arrest ethnic militants whose battles with rival fighters and government troops in the southern Niger Delta have killed scores and shut down 40% of the country's oil production, state radio reported Friday. (AP)

**March 31** Royal Dutch/Shell Group said a production shutdown in Nigeria entered its 14th day because of clashes between soldiers and ethnic Ijaw militants. Shell Petroleum Development Co., Shell's joint venture with the Nigerian government, has cut oil production by 370,000 bbl/d because of the clashes. The company said cargos loading from the Forcados terminal in Nigeria may be further delayed. (Bloomberg)

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## **April 2003**

**April 2** ChevronTexaco has returned some staff to its main Nigerian oil terminal Escravos, although production remains shut in due to ethnic violence. Escravos production of 440,000 bbl/d was still

shut down and the return of staff to the west Niger Delta producing region depended on government security.(R)

**April 7** ChevronTexaco said it hopes to restart 310,000 bbl/d of oil production in Nigeria's Niger Delta by end-April, after ethnic violence forced it to evacuate facilities in the region last month. The company was producing 440,000 bbl/d at its key Escravos export terminal before the outbreak of violence between the Itsekiri and Ijaw ethnic groups.(R)

**April 7** President Obasanjo and his top security chiefs opened talks with Niger Delta leaders on ending unrest in the area that has shut in 40% of the country's oil production. Attendees included leaders of the Ijaw, Itsekiri and Urhobo ethnic groups, the country's defense minister and his military service chiefs, the head of the national police and the chairman of the elections commission.(R)

**April 11** Political violence erupted in the central states of Benue and Kwara and in Rivers in the oil-producing Niger Delta. Nigerians vote in a parliamentary election on April 12 seen as a crucial test of its democracy. A presidential ballot follows on April 19 with President Obasanjo seeking re-election. The elections, the first since 15 years of military dictatorship ended in the populous country in 1999, have been overshadowed by spreading violence. (R)

**April 16** President Obasanjo's Peoples Democratic Party (PDP) won 119 seats in the House of Representatives, initial parliamentary returns showed. Six opposition parties shared 92 seats. In the Senate, the PDP took 33 seats, compared to 22 for the opposition. (Africa News Highlights)

**April 17** The Nigerian government will collaborate with China's coal producers to develop the nation's coal reserves. Dupe Adelaja, Nigerian Minister of Solid Minerals made the announcement when she met a delegation from the China Heavy Machinery Corporation. The two nations would find ways to establish a "joint venture" in coal-fired power plant as well as small-scale industries such as coal briquette making. (People's Daily)

**April 22** Two days after the elections, the Independent National Electoral Commission, or INEC, has released a majority of the results. So far, the ruling Peoples Democratic Party, or PDP, has maintained a clear lead. In the presidential election, President Olusegun Obasanjo had won 61.5% of the results. Muhammadu Buhari of the All Nigerian Peoples Party, or ANPP, which is PDP's closest rival, had won 31.5% of the results released. In the gubernatorial elections, votes counted by Monday indicated PDP had won about 26 states, while ANPP had won in six states. (DJ)

**April 23** The Independent National Election Commission declares incumbent President Obasanjo as the winner of the April 19 elections, receiving over 61% of the ballots cast. Muhammadu Buhari, from the predominantly Muslim north, received 33% of the vote. (BBC)

**April 28** Nigeria has reduced to 160,000 bbl/d the amount of crude oil shut in due to ethnic clashes in the Niger Delta, the director of the Department of Petroleum Resources stated. He added that Chevron Nigeria Ltd. had raised its production to 320,000 bbl/d out of 440,000 bbl/d it had shut-in. Three companies, Shell Petroleum Development Co. (Shell), Chevron Nigeria, a unit of ChevronTexaco, and TotalFinaElf have shut in around 800,000 bbl/d following ethnic clashes in the western Niger Delta region. Shell has also resumed production in some of the affected areas. Last week, a Shell official in Warri stated that the company had added 268,000 bbl/d to its production level. (DJ)

**April 29** Nearly 100 foreign oil workers -- including 21 U.S. and 35 U.K. nationals -- were being held hostage by striking Nigerian workers aboard offshore installations, company officials and union workers said. The strikers have been holding 97 foreign counterparts aboard four offshore drilling rigs owned by Houston-based Transocean Inc. since April 19. The rigs were drilling wells on behalf of oil multinationals Royal/Dutch Shell and TotalFinaElf. (AP)

**April 29** Nigeria's national oil firm NNPC said on Tuesday militants in the Niger Delta had prevented its engineers from getting access to the Escravos pipeline feeding its two main refineries, three weeks after it was vandalized. The pipeline carries crude oil from ChevronTexaco's main Escravos terminal to the 120,000 bbl/d Warri refinery and the 110,000 bbl/d Kaduna plant, which have been shut since early this month due to non-supply of crude.(R)

**April 29** The Nigerian Navy and Shell said yesterday they had beefed up security after a threat by armed militants to destroy a major offshore storage and export facility. Shell said that it had credible evidence that "criminal elements" had begun making preparations to destroy the Sea Eagle, a mammoth floating oil station designed to process 170,000 bbl/d of crude oil.

**April 29** The bidding round for highly prospective tracts in the Joint Development Zone (JDZ) was formally begun on April 22. The JDZ is administered by Nigeria and Sao Tomé & Príncipe under the terms of a 45-year treaty signed in February 2001. Nine blocks, numbered sequentially, are on offer with the bidding period ending on October 18. Applicants will pay \$25,000 in fees, and only those bidders whose technical proposals are adequate will have their commercial bids considered. These must offer a minimum signature bonus of \$30 million per block.

**April 29** Nigeria loses an average of 200,000 bbl/d of crude oil, or some 10% of its total output due to theft, a spokesman from Shell Petroleum Development Company of Nigeria (SPDC) said Tuesday. The revelation by SPDC came as the Department of Petroleum Resources, regulator of Nigeria's oil and gas industry, said the country's reserves had risen to 34 billion barrels by the end of the first quarter of 2003. SPDC officials said that they alone lost an average of 100,000 bbl/d last year to theft. (DJ)

**April 30** Shell Petroleum Development Corporation (SPDC) has reduced gas flaring in its operation by about 33%. The External Relations Director, Mr. Precious Omuku, disclosed this during the media presentation of the company's 2002 People and Environment annual report yesterday in Lagos said the reduction was a part of SPDC's efforts to meet the 2008 gas flaring deadline. (Daily Trust)

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## **May 2003**

**May 3** Hundreds of hostages on Saturday left the offshore oil rigs where striking Nigerian oil workers held them captive for weeks. Some essential staff would remain behind on the four oil-drilling platforms a spokesman stated for rig owners Transocean Inc., based in Houston. The Nigerian oil workers held their captives since launching a wildcat strike on April 19 over grievances with Transocean's management. Company officials and the striking workers' representatives negotiated the hostages' release Friday, after which the first captive was soon freed. (AP)

**May 7** ExxonMobil's Nigerian unit has declared force majeure on exports of Oso Condensate after it was forced to shut in production following a fire last week at its offshore Oso platform. About

95,000 bbl/d of condensate and 45,000 bbl/d of natural gas liquids will be shut in to allow full investigation and restoration of the facility. (R)

**May 9** Nigeria's Forcados oil production, below normal since mid-March due to ethnic violence in the west Niger Delta, is down another 30,000 bbl/d due to a new pipeline rupture. The rupture, which Shell suggested earlier in a statement could be the result of sabotage, takes Forcados production back down to around 250,000 bbl/d after output had gradually recovered to as high as around 300,000 bbl/d. (R)

**May 9** Oil services firm Halliburton has admitted that a subsidiary paid a multi-million dollar bribe to a Nigerian tax official. Halliburton revealed the illicit payments, worth 2.4 million dollars, in a filing with the Securities and Exchange Commission (SEC). "The payments were made to obtain favorable tax treatment and clearly violated our code of business conduct and our internal control procedures," Halliburton said. Halliburton subsidiary Kellogg Brown and Root (KBR), which paid the bribe, is building a liquefied natural gas plant and an offshore oil and gas terminal in Nigeria. Halliburton told the SEC the bribe was discovered during an audit of KBR's Nigerian office. The payments were made in 2001 and 2002. "Based on the findings of the investigation we have terminated several employees," Halliburton said in the filing, adding that none of its senior officers was involved. (AFP)

**May 19** The Federal Government has concluded plans to sell 51% stake in the four oil refineries in the country to major oil companies. The government will, however, hold on to a minority interest of 49%. The government's decision is an apparent reaction to the dwindling performance of the refineries which has defied solutions under the present management. The privatization arrangement said to have been agreed to by the Bureau of Public Enterprises (BPE) and the Nigerian National Petroleum Corporation (NNPC) was endorsed last week by the National Council on Privatization (NCP). President Obasanjo is also said to have directed that the sale of the refineries be commenced immediately. (This Day)

**May 21** Re-elected Nigerian President Olusegun Obasanjo dissolved his cabinet in a first step toward forming a new and promised leaner government. Obasanjo ordered his ministers to hand over authority to their permanent secretaries who will run their ministries until a new cabinet is formed, a government spokesman said. The dissolution of the cabinet after elections is a normal procedure in Nigeria, which allows the president to form a new government. Many analysts argued Obasanjo's former cabinet of nearly 50 ministers was unwieldy, and the president has said the next cabinet will be leaner. (R)

**May 22** In the first quarter of 2003, the Shell Petroleum Development Company (SPDC), Shell's Nigeria subsidiary, supplied 938 Mmcfd of natural gas to the Nigeria Liquefied Natural Gas (NLNG) company, 60% of the feedstock required by the LNG facility. The SPDC has increased its gas output to NLNG due to its need to meet its contractual obligations to supply the facility's Train 3. (WMRC)

**May 22** Nigeria's two oil workers' unions are in talks over plans to oppose the proposed privatization of the country's four oil refineries. The blue-collar National Union of Petroleum and Natural Gas, or Nupeng, and the white-collar Petroleum and Natural Gas Senior Staff Association of Nigeria, or Pengassan, stated that they oppose privatization. The Nigerian government plans to sell 51% of the equity in the nation's four refineries. President Obasanjo announced last week the government had accepted the recommendations that the refineries should be privatized, in part to tackle recurring shortages of petroleum products in Nigeria. Union representatives said an immediate sale of the refineries was at odds with the ongoing work of a committee set up by vice-



president Abubakar to study the problems of the downstream sector of the oil industry. The refineries have a combined capacity of 445,000 bbl/d, but have been unable to meet local demand because of frequent breakdowns caused by obsolete equipment and poor maintenance. (DJ)

**May 27** State-run Nigerian National Petroleum Corp (NNPC) said it had started repairs on its ruptured gas feeder pipeline to state's National Electric Power Authority (NEPA) thermal plants after troops were deployed to the area. The NNPC said in a statement that after an aerial survey of the area in the swamps of the Niger Delta, the line was "suspected to have been blown-up." Security forces said a manhunt had been launched for ethnic Ijaw militants who allegedly vandalized the pipeline supplying gas to NEPA's Egbin and Delta plants from ChevronTexaco's Escravos terminal. The Egbin plant, near Lagos, has a nameplate capacity of 1,320 megawatts (MW), accounting for nearly 50% of the country's operating capacity. The rupture raised fears of nationwide blackouts in Africa's most populous nation. (R)

**May 28** President Olusegun Obasanjo took the oath of office for a second term as Nigeria's leader Thursday, in a landmark for democracy in Africa's most populous nation. Obasanjo's 1999 election to a first term, in a military-run vote, ended 15 years of military rule. He easily won re-election on April 19. (AP)

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## June 2003

**June 2** The Nigerian Federal Government has instructed some oil companies to increase production to meet Nigeria's capacity this month, in an effort to make up for the production losses due to the violence in the Niger Delta. Nigeria's oil production had been reduced to around 1.9 million bbl/d) compared to its officially assigned quota of 2.018 million bbl/dby OPEC, since March this year when ethnic violence broke out in Warri in the Niger Delta. In monetary terms, this translates into a daily loss of \$6.6 million in revenues, given the \$22 per barrel official selling price for Nigeria's crude oil. Furthermore, income from condensate production, (which does not fall under OPEC quota application) has been halted following the fire at ExxonMobil's Oso Condensate production platform offshore Akwa Ibom, early last month. (RigZone News)

**June 3** Nigeria LNG (NLNG) has signed a Memorandum of Understanding (MOU) for the supply of 2.5 million tons per year of LNG to British Gas (BG) via the Lake Charles import terminal in Louisiana from Trains 4 and 5 of the NLNG Plus project in Finima, Bonny Island, Nigeria. The agreement is for a 20-year period, beginning in 2005/2006. In addition, the MOU allows for BG to take, from the end of 2003, excess volumes from NLNG Trains 1, 2 and 3 that are not taken by existing long-term buyers. BG has 80% capacity rights at the Lake Charles terminal until September 2005, and 100% thereafter. (Petroleum Review)

**June 10** Elf Petroleum Nigeria Limited's (EPNL) new FPSO, Unity, has begun receiving crude oil production from the Odudu Field offshore Nigeria. The Unity replaces the FPSO Domy, which worked for the past 15 years for EPNL's offshore operations. The Unity has a storage capacity of 2.4 million barrels of crude oil and will be linked to all Elf's fields located on OML 100, including Amenam/Kpono, Ofon, and Odudu. Odudu is currently producing about 20,000 bbl/d. (RigZone News)

**June 12** The Nigerian government said it would soon have to ask for a higher production quota from the Organization of Petroleum Exporting Countries (OPEC), the local media reported. Mac

Ofurhie, Director of the Department of Petroleum Resources, regulator of the oil and gas industry, said as Nigeria begins production from deep water fields, it would need a higher OPEC quota than its current 2.094 million bbl/d. Nigeria's oil reserves currently stand at 32 billion barrels, with a daily production capacity of about 2.6 million bbl/d. The government has set a target reserve level of 40 billion barrels and production capacity of 3 million bbl/d by 2010. (DJ)

**June 22** Red Cross rescue teams were Sunday distributing medical aid to some 200 badly burned villagers in a rural part of Nigeria's southeastern Abia state after a pipeline exploded, killing at least 105 people. The explosion occurred when petrol leaking from the damaged pipeline was ignited by a spark as locals attempted to scoop it up. Locals claimed that the pipeline, which transports petroleum products from refineries in the southern city of Port Harcourt to the domestic market, had been leaking for up to eight months. NNPC officials said the firm had no knowledge of any earlier complaint, and that the explosion had been triggered after thieves deliberately pierced the pipe. Thieves seeking to siphon off fuel often attack oil pipelines in Nigeria, and in recent years explosions have killed hundreds of looters and bystanders. When the Abia pipe first began to leak it was carrying kerosene but shortly before the blast the NNPC began pumping petrol (gasoline) through the pipe, which is both more valuable and more volatile. (Platt's)

**June 30** Police fired warning shots and tear gas Monday to break up crowds as a paralyzing general strike over fuel prices took hold across Nigeria. Stores and office in Lagos, were barricaded shut for fear of looting. International and domestic airline flights ran hours late, or not at all, after air traffic controllers joined the protest. Government offices and businesses in the capital, Abuja, the northern cities of Kano and Kaduna and the southeastern oil city of Port Harcourt were also closed. The protest comes after the government raised gasoline, kerosene and diesel prices by more than 50% on June 20. Officials said the fuel hike was necessary to end shortages and curb smuggling of cheap Nigerian fuel to neighboring countries. Union leaders said the fuel hike was causing great hardship for millions of Nigerians earning a dollar a day or less. (AP)

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## July 2003

**July 1** Police firing teargas battled demonstrators in the Nigerian capital on Tuesday, the second day of violent protests over fuel prices which have left eight people dead, witnesses said. The general strike kept seaports, banks, shops and petrol stations shut, raising fears among oil officials of a prolonged walkout that could hit exports of Nigeria's crude oil. Hundreds of heavily armed riot police moved in as militants of the umbrella Nigeria Labor Congress (NLC) blocked the main entrance to the complex of federal offices in Abuja. NLC leaders spearheading the walkout said negotiations with the government on ending the strike were making little progress. (R)

**July 2** Negotiations between the government and labor unions will continue as both sides strive for a way out of the three-day-old strike in protest over a more than 50% hike in domestic fuel prices. The unions have said that the government should revert to the previous prices, though they may accept a small rise, said observers. (DJ)

**July 7** Nigeria's crude oil exports are continuing to load without delay from the country's main oil loading terminals despite a crippling general strike over fuel prices, a leading shipping agent said on Monday. The country's longest general strike for four decades entered its second week on Monday, after hopes for a deal between the government and the unions were dashed on Sunday as negotiations over the price of petrol fell apart. (R)

**July 8** Nigeria's main trade unions have accepted a government compromise on fuel prices and ended a crippling eight-day strike. The Nigerian Labor Congress, an umbrella group of unions, met into the early hours of the morning to consider the government offer to reduce gasoline prices from \$1.18 a gallon, to about \$1 a gallon. The strike was launched to protest a 50% hike in fuel prices ordered June 20 by President Olusegun Obasanjo. The government says a rise in fuel prices is necessary to end shortages and curb the smuggling of cheap Nigerian fuel to neighboring countries. (AP)

**July 9** ExxonMobil expects to boost the crude oil output of a Nigerian joint venture by 110,000 bbl/d) using a gas re-injection program. ExxonMobil announced it had awarded contracts for its \$1.7 billion East Area Additional Oil Recovery (AOR) project to improve oil recovery from multiple reservoirs and eliminate routine flaring of natural gas. Project start-up is scheduled for 2006. It will raise the total recovery from the joint venture by 500 million barrels. Exxon Mobil said in a release that engineering, procurement and construction contracts valued at more than \$800 million were awarded for the gas compression platforms, gas gathering pipelines and riser platforms. (R)

**July 15** Total announced the start of production of the Amenam/Kpono field operated by its subsidiary Elf Petroleum Nigeria Limited (EPNL) that will produce 125,000 bbl/d once it reaches peak production. The field is located 18 miles (30 km) offshore and straddles two concession areas, Oil Mining Lease (OML) 99 operated by EPNL and OML 70 operated by Mobil Producing Nigeria Unlimited (MPN), a subsidiary of ExxonMobil. EPNL, operator with a 30.4% interest, is partnered with the Nigerian National Petroleum Corporation (NNPC) and MPN. Furthermore, the NNPC/EPNL joint venture (NNPC 60%, EPNL 40% operator) has put into place a new floating storage and offloading (FSO) facility, replacing the FSO Domy, that collects production from Amenam/Kpono as well as from Odudu and Ofon located respectively in OML 100 and 102. The new FSO Unity has a storage capacity of more than 2.4 million barrels of oil. The combined investment for these two projects is \$1.4 billion. (Total)

**July 18** Shell has closed the Amukpe flow station in Nigeria's Delta State reducing Forcados crude output. The flow station was closed earlier this week after local women invaded the flow station. Shell hopes to reopen the flow station by the weekend. The company has not released exact figures on just how much production is being shut-in. Meanwhile, Shell has restarted production at two other Forcados flow stations, which had been closed since March because of ethnic unrest. (RigZone News)

**July 23** ExxonMobil has resumed production at the Oso terminal in the eastern Niger Delta after a fire shut down operations in April. The Oso condensate plant is now operating at 60% after a fire broke out at the compressor unit of the plant April 29. The ensuing shutdown cut off production of condensate equivalent to 95,000 bbl/d of crude oil, and production of natural gas liquids equivalent to 45,000 bbl/d of crude. Officials of the company said the first shipment of condensate should be made at the end of this month, at which point force majeure would be lifted. (RigZone News) (R)

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## August 2003

**August 5** Oil production at a Shell flow station in the Niger Delta has resumed after protesters briefly disrupted it. Protesters managed to halt production at the 20,000 bbl/d Kokori flow station for a few hours Friday, but normal operations were restarted later the same day. Ethnic strife and labor unrest have dogged the country's oil production for the past several months. (DJ)

**August 7** Nigeria has said it will not hand over the oil-rich Bakassi Peninsula to Cameroon for at least three years. The border region was awarded to neighboring Cameroon by the International Court of Justice last year. Nigeria refused to accept the ruling on the Bakassi Peninsula, and the two sides have been holding a series of bilateral meetings to resolve the issue. The Bakassi Peninsula is in itself a swampy strip of land with little value, but its ownership has implications for fishing and oil rights offshore. Large numbers of Nigerian and Cameroonian troops are reported to be in the area and tensions there have been high for years. (BBC)

**August 12** Nigeria is estimated to be losing between 200,000 and 300,000 bbl/d of oil -- or 8% to 12% of total capacity -- to illegal "bunkering", the local term given to the siphoning off of Nigerian crude by criminal groups. Nigerian government and security forces say they are doing all they can to fight an escalating problem of crude oil theft. It has pledged to crack down on the problem, worth some \$2 billion a year at current oil prices, and security forces say they have made a number of arrests. (R)

**August 19** Shell advised its workers to stay away from the city of Warri as Nigerian troop reinforcements were sent in after four days of ethnic violence that left at least 30 dead and drove thousands from their homes. Fighting broke out in Warri when raiding between the rival Itsekiri and Ijaw groups in spilled over into the city. Both sides in the fighting have clashed with security forces in the area. The communities have been at loggerheads since March, when tensions over control of local government districts and lucrative business opportunities erupted in violence. (AFP)

**August 25** Nigeria's Delta State government warned that it will sanction petroleum-sector companies operating in the region that continue to violate environmental laws. The warning follows an investigation by the Nigerian Environment Ministry which found that some oil companies operating in Delta State have repeatedly violated regulations concerning treatment or disposal of waste materials and effluent. (Stratfor)

**August 26** The Nigerian government has consolidated divisions in the corporate structure for state-run Nigerian National Petroleum Corp. (NNPC). The restructuring is in line with the government's stated plan to improve efficiency and expose the domestic fuel sector to market forces, the company said. The new directorates are exploration and production, finance and accounts, corporate services, and refining and petrochemicals. President Obasanjo has approved the appointment of the four executive directors for the NNPC. The Nigerian government says it will privatize the country's four refineries located in Port Harcourt, Kaduna and Warri. All four are full subsidiaries of NNPC. They have a combined capacity to refine 445,000 bbl/d, but are currently operating at less than half of that capacity due to frequent breakdown caused by inadequate maintenance. (DJ)

**August 29** A lockout by white-collar oil workers at Shell in Nigeria extended into a third day to protest a planned restructuring which unions fear will cost jobs. The Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) locked out senior staff at the company's three main offices in Lagos, Port Harcourt and Warri, but oil production was unaffected, union leaders said. Company officials were not immediately available for comment, but a spokesman said that management was taking measures to return the situation to normal. (R)

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## September 2003

**September 4** Nigeria's white-collar oil union said it was disappointed with the progress of talks to



end a lockout at Shell's local offices now in its eighth day. The Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) said talks ended in a deadlock after Shell failed to assure the union that a planned company restructuring will not hit jobs. The oil major had said the lockout has not disrupted loadings and production, but that it was making day-to-day operations at its offices in the commercial hubs of Lagos, Warri and Port Harcourt more difficult. PENGASSAN, a powerful union whose members play a key role at export terminals, embarked on the action last Wednesday to protest at Shell's global restructuring program. Shell said no decision has been taken to layoff any of the 5,000 Nigerians employed by its local unit, Shell Petroleum Development Company, which contributes about 30% of the company's total crude oil output worldwide. (R)

**September 11** Shell oil workers in Nigeria returned to work Thursday after a two-week strike. The decision followed after the intervention of officials from the state-run Nigerian National Petroleum Corporation (NNPC), which brokered a truce between them and Shell. Members of the Petroleum and Natural Gas Senior Staff Association (PENGASSAN) went on strike on August 27 over fears that a planned global restructuring policy would lead to drastic job cuts. The strike, which sparked fears on the international oil market of a possible rise in world oil prices, was suspended on Wednesday after both parties agreed to further talks. (AFP)

**September 16** Senior employees of the Nigerian unit of Shell warned that a delay by the company in resolving a dispute over its corporate restructuring could lead to fresh strikes. White-collar workers union, Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), ended a 16-day strike Sept. 11th called to protest the company's restructuring. PENGASSAN and the Shell representatives are to meet for further talks on Sept. 30th, at which the issue of compulsory early retirement, the influx of expatriates into Shell's Nigeria operations, and the company's regionalization policy will be discussed. Shell is in the midst of a worldwide reorganization of its exploration and production businesses, which will entail the formation of five regional units, including Africa. The launch of the units is scheduled for Jan. 1st. (DJ)

**September 26** At least five people were killed when a leaking oil pipeline exploded and caught fire in southeastern Nigeria last week after it had been spilling crude oil into a river for two days. The explosion happened near the Niger delta town of Nembe in Bayelsa State, 80 kilometers southwest of Port Harcourt. The oil had been leaking from the Brass-Ogoda pipeline owned by Italy's Agip, and was thought to have been ignited by a fisherman's lamp. (IRIN)

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## **October 2003**

**October 6** Nigeria's main oil unions are meeting to decide whether or not to try to disrupt oil exports as part of a general strike over a hike in retail fuel prices that begins on Thursday. The umbrella Nigeria Labor Congress (NLC) has called the strike to protest against an increase in gasoline prices to 39.90 naira from 35 naira per liter. PENGASSAN and NUPENG will meet later to decide whether or not to target Nigeria's crude oil production and exports during the strike. The last rise in gasoline prices in June led to an eight-day general strike, which did not disrupt oil output and exports, but closed ports, banks and markets. Several people died in violent protests in Abuja and Lagos. The NLC suspended the strike action in July after the government agreed to reduce the price to 35 naira from 40 naira. (R)

**October 8** One of Nigeria's two main oil unions, white-collar PENGASSAN, today suspended its threat to join a planned nationwide strike, saying that fuel marketers had agreed to reverse a controversial price hike. It was not immediately clear whether the decision would be followed by



the rest of the labor movement, but leaders of the blue-collar NUPENG oil union had earlier expressed hopes for that a deal would be reached. (AFX News)

**October 9** The Nigeria Labor Congress (NLC) umbrella workers union has called off its planned nationwide strike to protest fuel hikes after the government and oil marketers agreed to roll back prices. The NLC had called the two-week strike after the price of gasoline went up from 35 naira (26 cents) per liter to a differential rate starting from 39.9 naira (30 cents). (RigZone News)

**October 13** The Petroleum Products Pricing Regulatory Agency (PPPRA) of Nigeria has remained silent on the non-compliance of some marketers to reverse the pump prices of fuel to 34 naira per liter. A meeting of the Nigeria Labor Congress (NLC), state governors and the marketers last Thursday agreed that the increase in prices of petroleum products on Oct. 1 would be reversed. (Xinhua)

**October 14** Total's Nigerian subsidiary, Elf Petroleum Nigeria Ltd. (EPN), has made a significant extension of the Usan field discovery in deepwater Oil Prospecting License (OPL) 222, offshore southeastern Nigeria. The Usan-4 appraisal well is the third successful appraisal of the Usan field discovered in 2002. Two zones were tested in the Usan-4 well and they flowed at 4,400 bbl/d and 6,300 bbl/d under restricted flow conditions. Nigerian National Petroleum Corp. (NNPC) is concessionaire for OPL 222 under a production sharing contract operated by EPN (20 percent), in partnership with Chevron Petroleum Nigeria Ltd., Esso Exploration and Production Nigeria Ltd. and Nexen Petroleum Nigeria Ltd. (Total Press Release)

**October 14** BG LNG Services (BGLS), a subsidiary of BG Group, announced that it has signed a Sale and Purchase Agreement (SPA) with Nigeria LNG Limited (NLNG) for long-term Liquefied Natural Gas (LNG) supply into the Lake Charles, Louisiana import terminal. BGLS will acquire 2.5 million metric ton annually of LNG for 20 years, beginning in 2005 or early 2006, from the NLNG Plus project (Trains 4 and 5). In addition, the SPA allows for BGLS to take, from the end of 2003, excess volumes from Trains 1, 2 and 3 which are not taken by existing long-term buyers. (BG Press Release)

**October 15** At a ceremony on October 15 at the U.S. Department of State in Washington, D.C., ChevronTexaco received the U.S. Secretary of State's Award for Corporate Excellence for its outstanding corporate citizenship in Nigeria. Chairman and CEO Dave O'Reilly accepted the award from U.S. Secretary of State Colin Powell on behalf of Chevron Nigeria Ltd. (CNL), a ChevronTexaco affiliate. (ChevronTexaco Press Release)

**October 15** Nigeria invited international oil and gas companies to express interest as core investors in its four troubled domestic refineries. Nigeria is seeking to sell 51% or more of its equity in the plants in a bid to completely deregulate its downstream oil sector. Nigeria's privatization agency, the Bureau of Public Enterprises (BPE) said in a notice that to be pre-qualified, prospective investors must provide verifiable evidence of their ability to own, manage and operate refineries of similar capacity. They must also provide evidence of their financial ability to improve the plants and enhance their value. The BPE or its privatization adviser, Credit Suisse First Boston, have been designated as the exclusive contacts for parties who wish to express an interest in pursuing a transaction. It added that November 14 is the deadline for the expression of interest in the four oil refineries with a combined nameplate capacity of 445,000 bbl/d. (R)

**October 16** The local unit of ChevronTexaco said it would not risk reopening its oil facilities in the Nigerian delta, abandoned since March due to ethnic violence, until it was sure of the safety of its

staff. In March, nearly 40% of Nigeria's oil output was shut in after ChevronTexaco, Shell and Total, evacuated their facilities in the delta swamps due to a warfare between ethnic Ijaw and Itsekiri groups. Shell, Nigeria's biggest producer accounting for about half the production of Africa's top exporter, said it had recovered 40,000 bbl/d of the around 126,000 bbl/d shut in by the violence. (R)

**October 16** Nigeria overshot its crude oil production quota in July despite troubles in the country's rich Niger Delta, the central bank said on Thursday. It said in its latest monthly report that Nigeria's crude production for July was estimated at an average of 2.15 million bbl/d against a 2.092 million bbl/d OPEC quota. In September, OPEC issued a new oil production quota for Nigeria of 2.018 million bbl/d effective November 1, 2003. (R)

**October 16** Nigeria plans an unprecedented audit of oil revenues dating back almost three years in a drive by Finance Minister Ngozi Okonjo-Iweala to root out suspected corruption. The government was looking to probe accounts of state-run Nigerian National Petroleum Corporation (NNPC) as part of drive by Okonjo-Iweala to rectify Nigerian finances. Minister Okonjo-Iweala will create a permanent unit in her office to monitor oil revenues. Critics say that inefficiency in NNPC and theft of oil income seriously undermines public finances in Nigeria, Africa's largest oil producer. (R)

**October 21** ChevronTexaco's Nigeria affiliate, Star Ultra Deep Petroleum Ltd. (SUD), has made two significant oil discoveries on its Nigeria deepwater Oil Prospecting License (OPL) 249. The wildcat Nsiko-1 well, which was drilled to a total depth of 13,968 feet and in 5,674 feet of water, discovered a substantial amount of net hydrocarbon pay in multiple zones. One zone was tested in the well and flowed at 6,500 bbl/d of high quality crude per day under restricted flow conditions. The well was abandoned upon completion of testing operations. Appraisal drilling on the Nsiko discovery is planned for the first half of 2004. The Aparo-3 appraisal well confirmed the extension of the Aparo oil field onto OPL 249. The well, drilled in 4,270 feet of water to a total depth of 12,000 feet, encountered a substantial amount of net oil sand. The results from the Aparo-3 well indicate that the OPL 249 Aparo, OPL 213 Aparo, and Oil Mining Lease (OML) 118 Bonga SW discoveries share a common oil-bearing structure. The joint oil development of OPL 249, OPL 213 (Texaco operated), and OML 118 9 (Shell operator) is likely. (RigZone News)

**October 24** The leadership of the Nigeria Labor Congress will decide Oct. 31 whether it will resume its national strike against petroleum prices hikes. NLC threatened to hold a national strike two weeks ago, after marketers raised the price of gasoline. NLC suspended the strike threat after the governors intervened and the marketers pledged to revert to the old price of 34 naira per liter. But since then, many marketers have kept the product at prices above 34 naira per liter, and now the union is reconsidering strike action. (DJ) October 29 Nigeria will hand over as planned 33 border villages in the northeast of the country near Lake Chad to Cameroon. Nigeria was ordered to give up areas along its border with Cameroon by the International Court of Justice in October 2002. Nigeria had already indicated that it intended to leave the villages near Lake Chad by the end of the year. The court's ruling also gave areas of the oil-rich Bakassi Peninsular to Cameroon, and its status still has to be settled by the bilateral talks that are now under way in Abuja. The Bakassi Peninsula is in itself a swampy strip of land with little value, but its ownership has implications for fishing and oil rights offshore. (BBC)

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## November 2003

**November 5** Hundreds of Nigerians fled their homes after a fire at an oil well continued to burn for

the third week. The fire has been burning at Agip's Kwale well since October 11, although company officials announced that the fire had been extinguished by an emergency team brought in from abroad. Although no specific cause has been announced yet, the company said that vandalism could not be ruled out. (Rigzone News)

**November 5** Representatives of NNPC, ConocoPhillips, Eni and ChevronTexaco have signed a Heads of Agreement to construct a new liquefied natural gas (LNG) plant, called the Brass LNG Project. The plant will initially include two trains and will be co-located with the Brass oil Terminal operated by Nigerian Agip Oil Company (NAOC).

**November 25** The oil tanker targeted by pirates off the Nigerian coast on November 22 was one of five vessels to be attacked that week worldwide. Incidents of piracy increased by 27% during the first nine months of 2003. When oil tankers are attacked by pirates, usually the cargo is sold and the ship is renamed. (Bloomberg News)

**November 25** ChevronTexaco officials announced that the company would resume the 23,000 bbl/d of production that it had halted following the kidnapping of 18 of its workers in Bayelsa State. 16 of the workers were rescued by Nigerian security forces after 24 hours in captivity and the last two were released after the intervention of community leaders. (Rigzone News)

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### **December 2003**

**December 18** President Obasanjo announced details of the 2004 budget, saying that the country would spend \$3.2 billion on its joint venture contributions. The budget also included plans based on the dismantling of the National Electric Power Authority (NEPA) into separate entities for generation, transmission and distribution. (Dow Lones)

**December 31** Nigeria's main oil workers unions, PENMGASSAN and NUPENG have agreed not to undertake the strike they had called to protest the government's plans to sell the country's four refineries. The government revised plans for an outright sale to a plan for selling 51% stakes in each refinery. (Rigzone News)

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### **January 2004**

**January 20** Nigeria's main oil unions are meeting to decide whether or not to try to disrupt oil exports as part of a general strike over a hike in retail fuel prices that begins on Thursday. The umbrella Nigeria Labor Congress (NLC) has called the strike to protest against an increase in gasoline prices to 39.90 naira from 35 naira per liter. PENGASSAN and NUPENG will meet later to decide whether or not to target Nigeria's crude oil production and exports during the strike. The last rise in gasoline prices in June 2003 led to an eight-day general strike, which did not disrupt oil output and exports, but closed ports, banks and markets. Several people died in violent protests in Abuja and Lagos. The NLC suspended the strike action in July after the government agreed to reduce the price to 35 naira from 40 naira. (R)

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### **February 2004**

**February 11** OPEC delegates meeting in Algiers agree to lower the cartel's output ceiling by 1 million barrels per day, to 23.5 million barrels per day, effective April 1. OPEC members also urged immediate compliance with the existing OPEC ceiling, as overproduction has been estimated at roughly 1.5 million barrels per day. Assuming full quota compliance, the decision could remove a total of 2.5 million barrels per day from the world market in April. (NYT, WSJ)

**February 19** The Royal Dutch/Shell group announces that the Securities and Exchange Commission (SEC) has begun a formal investigation into the company's restatement of its oil and gas reserves. On January 9, 2004, Royal Dutch/Shell announced that it had overstated its proven oil and gas reserves by 3.9 billion barrels, or 20% due to overly optimistic assumptions about plans for developing its fields around the world. (NYT)

**February 25** Nigeria has halted crude loading for the remainder of the month to bring output into compliance with recent OPEC cuts. The country is not expected to lose revenues because of high oil prices. Nigeria has been producing about 2.31 million bbl/d. (Dow Jones Newswires)

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### **March 2004**

**March 4** Newly appointed Chairman of Royal Dutch/Shell, Jeroen van der Veer, retracts the claims of ousted Chairman Sir Phillip Watts that the company's January 9, 2004, revision of oil reserves was made "in good faith." On January 9, 2004, Royal Dutch/Shell announced that it had overstated its proven oil and gas reserves by 3.9 billion barrels, or 20%, claiming overly optimistic assumptions about plans for developing its fields around the world. Later, on February 19, 2004, it was announced that the U.S. Securities and Exchange Commission had launched a formal investigation and on March 3, 2004, Mr. Watts and another official resigned over the controversy. Other investigations have since been launched by the U.S. Department of Justice and European regulators. (NYT, WMRC)

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### **April 2004**

**April 2** Shell announced there will be a further delay in the start-up of the Bonga oil field, Nigeria's largest offshore oil project. Production is not expected to commence until 2005. (Rigzone News)

**April 24** Five people are killed in Nigeria's Delta region, including two Americans and three Nigerians, when gunmen attack a boat carrying oil workers. The five oil workers were reportedly investigating ChevronTexaco facilities which had been abandoned in March 2003 but had since been considered for re-opening. Following the attack ChevronTexaco withdraws all personnel from the Western Delta region and suspends activities in the area pending an assessment of the security situation. (WP, WMRC)

**April 29** A clash between youths in Bayelsa State is thought to have led to around fourteen deaths. The two rival groups were fighting over the oil royalties owed to the local community. Other reports suggest that the groups clashed over a chieftaincy post in the community. Nigeria's population belongs to 373 different ethnic groups and fighting between the groups erupts frequently. (Rigzone News)

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## May 2004

**May 31** Nigerian government forces are launching a new military operation against oil thieves, pirates and other criminals in Nigeria's Delta State. Troops will sweep the area around Warri where rival ethnic groups compete for land, political power, and shares of oil wealth. Local gangs have been enriched by oil theft and the extreme poverty among the local population contributes to hostility toward the government and toward foreign oil companies and their representatives. (Reuters)

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## June 2004

**June 4** Operations resumed at the Warri refinery after the plant was shut down for more than one year. The refinery originally went offline in April 2003 for routine maintenance work, but vandalism to its crude oil supply pipelines and delays in maintenance work led to the prolonged closure. President Obasanjo accused NNPC officials of keeping Nigeria's oil refineries closed so as to benefit from lucrative fuel import contracts. Nigeria's refinery capacity is inadequate to supply domestic demand for gasoline and other fuel products. (Reuters)

**June 5** The Nigerian military kills 17 bandits in the oil-rich Delta state as part of an effort to combat oil theft, piracy, and kidnappings of oil workers in the area. Such criminal activity has contributed to Nigeria's inability to produce crude oil at full capacity. Local civil organizations accuse the military of killing innocent civilians, not involved in criminal activities, in the crackdown. Fighting continues on June 13, when one soldier and several more alleged criminals are killed. (Reuters)

**June 9** A general strike over increases in fuel prices is causing a back up of ships waiting to offload petroleum products -- mostly gasoline -- in Lagos. Nigeria is a heavy importer of gasoline because of its run-down refining infrastructure. (Reuters)

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## July 2004

**July 7** Total S.A.'s production is set to resume as an agreement with oil union leaders has been reached. Total shut down 250,000 bbl/d of oil production and 187 Mcf of gas production as a safety precaution when oil worker's unions moved to strike over concerns about job losses if the company proceeds with its planned restructuring. The white collar union, PANGASSAN was also upset that Nigerian oil workers were supervised by foreigners and not other Nigerians. (RigZone News)

**July 20** Ijaw youths have taken ten expatriate oil workers hostage after their demands for employment with Consolidated Oil were rejected. The oil services company claims that the youth's lack the requisite work experience and qualifications. The governor of Bayelsa State has been called back from a trip to the UK by President Obasanjo to help settle the matter.

**July 20** Shell Petroleum (SPDC) announced that its appointment of new Managing Director, Basil Omiyi, will take effect on September 1, 2004. Omiyi is the first Nigerian Managing Director with the company and replaces Chris Finlayson who will assume the role of CEO with Shell Exploration



and Production for Africa following the departure of retiring Brian Ward. (Rigzone News)

**July 21** The ten expatriot oil workers held by local youth in Bayelsa State were released following the intervention of local government officials. Among the workers were eight Frenchmen, one Croatian, and one Cote d'Ivoirian. (Rigzone News)

**July 22** Negotiations continued between ExxonMobil and Nigeria's white collar oil union, PENGASSAN, over the union's demands for a 29% pay increase. Company officials seemed confident that there would be no shut-in of production, as a resolution was soon to be reached. (Rigzone News)

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## August 2004

**August 13** ExxonMobil and Royal Dutch Shell announced that they would increase production in Nigeria if OPEC raises the country's oil production quota from its current 2.018 million bbl/d to the 2.6 million bbl/d That Nigeria is lobbying for. Shell accounts for about one third of Nigeria's oil production. (Rigzone News)

**August 16** Shell Petroleum Development Company announced that it had repaired the 4,500 barrels a day Opuama flow station that was destroyed in Warri, Delta State, during the Ijaw-Itsekiri crisis. The plant is set to resume normal production early next month. (Lagos Daily Champion)

**August 17** Industrial gas users agreed to a new lower price for natural gas supplies, following their previous rejection of prices set by the Petroleum Products Pricing Regulatory Agency. (Guardian)

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